



Proposed Marketing Strategy to Increase the Sales of Coffee Shop in Banjarmasin (Case Study: Eastland Coffee)

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ABSTRACT: Eastland Coffee is a coffee shop located in Banjarmasin, South Kalimantan. Eastland Coffee serves a variety of drinks and food such as coffee drinks, non-coffee, snacks, and heavy meals. Previous research shows that there is a potential of coffee industry in Indonesia due to the high and ever-increasing coffee consumption, as well as the thriving coffee shop businesses available in the country. However, the preliminary analysis shows that the sales of Eastland Coffee have a negative trendline and never meet its monthly target. On top of that, the brand awareness is low. Thus, it is at the utmost importance to generate a marketing strategy to increase the sales and the brand awareness. The author conducted internal and external environment analysis with several marketing frameworks. The author also conducted survey that generates 185 respondents. The survey was then ultimately used for the customer analysis. All the analyses result in a proposed marketing strategy in the form of new target market and positioning, as well as new marketing mix (7Ps) for Eastland Coffee to implement in the near future.

KEYWORDS: Brand Awareness, Coffee Shop, Food and Beverages Industry, Marketing Strategy, Sales.

INTRODUCTION

Coffee has always been a part of Indonesian complex history. Coffee was first introduced to Indonesia in the 17th century when the Dutch brought Arabica coffee to Java. According to Nurhayati-Wolff (2023), coffee output in Indonesia has increased over the last decade. In 2012, Indonesia produced 698,900 metric tons of coffee. In 2022, the country produced 794,800 metric tons of coffee. That translates to a 13.7% rise in production over the previous ten years. Since then, Indonesian coffee has been a prominent player in the worldwide coffee industry. Indonesia is one of the world's most diverse coffee producers, producing both arabica and robusta varieties and accounting for 5% of global coffee exports (International Coffee Organization, 2021). Coffee exports reached \$1.2 billion in 2022, or around 6,357,000 bags of coffee (Word Coffee Research, 2022), accounting for almost 2% of the country's total exports. This income stream is a significant source of Indonesian national revenue, subsidizing infrastructure development and government initiatives.

In addition to the increasing number of coffee production, coffee consumption has also been increasing. For the last 3 decades, domestic coffee consumption in Indonesia multiplied by four times. In 1990, the total amount of coffee consumed was 1,000 60kg bags. It reaches 4.8 million 60-kg bags in 2019/2020. This growing demand is being driven by a younger population usually late millennials and gen Z, switching from tea to coffee, as well as a revitalized appreciation for local coffee beans (Nurhayati-Wolff, 2023). Furthermore, the revenue from the Indonesian coffee industry is predicted to increase till 2028. The income of Indonesia's coffee market is predicted to increase by around 2.2 billion US dollars between 2019 and 2028. By 2028, Indonesia's coffee sector is expected to generate four billion US dollars.

The massive production and consumption of coffee in Indonesia creates several chances for businesses. Coffee culture has spread throughout both industrialized and developing countries, particularly among young people. Coffee culture has grown in popularity among Indonesian youth as a means of connecting with friends, family, and coworkers. Starbucks, an American coffee shop business, has opened 326 outlets in 22 cities as of 2018. Starbucks is one of the elements that has fueled the growth of Indonesia's local coffee shop industry over time (Nurhasanah and Dewi, 2019). With the ever-rising coffee consumption, local coffee shops are in high demand, thus, the industry will continue to thrive and new-comer in the industry will keep coming.

Eastland Coffee is one of the examples of small coffee shop business trying its luck in the industry. Despite all the opportunities for coffee shop business in Indonesia, Eastland Coffee shows a poor business performance. The sales report shows that throughout its first year of operation in 2023, the sales keep fluctuating with a downward trendline. Its sales peaked in January 2023, when the



number of items sold reached 5537 units. However, after then, Eastland Coffee's sales continued to fluctuate with a falling tendency. Eastland Coffee achieved its lowest sales in July 2023, selling only 3598 items. Furthermore, the owner of the business, Farizan Naufal, adds that Eastland Coffee aimed to sell 5000 items every month. Yet, Eastland Coffee only met its target in January 2023, and it has not fulfilled its monthly target since. Furthermore, the main reasons of the problem include Eastland Coffee's inconsistent product quality and strong rivalry from other coffee shops.

These issues demonstrate Eastland Coffee's inability to keep up with Indonesia's rapidly growing coffee craze. This problem must be addressed immediately because if sales performance continues to decline, the business will be unable to compete with its competitors. The business would then encounter profitability challenges and, ultimately, closure. Thus, this research will examine and plan a new marketing strategy to boost Eastland Coffee's sales.

RESEARCH METHODOLOGY

The purpose of this research is to develop a marketing strategy for Eastland Coffee in order to boost the business' sales. To achieve this, the author must first collect data. The author's research uses both primary and secondary data. Both primary and secondary data were used to support the analysis in this study. This research's primary data comes from interviews with Eastland Coffee resource persons as well as questionnaires of consumers and potential customers. Secondary data were gathered from literature reviews as well as financial reports of the business. The author used Slovin method as a determinant of the number of samples. Below is the Slovin method equation.

$$n = \frac{N}{1+N(e^2)}$$

with n as the number of samples, N as the total population, and e as the significance level

The population utilized in this research is the number of Banjarmasin residents aged 15 to 65, often known as the working population. This assumption is made because Eastland Coffee targeted high school students and professionals as its potential customers. Banjarmasin has 456,383 persons aged 15 to 65 (Badan Pusat Statistik, 2022). With a significance level of 0.1, the target responders for this research are 99.9781 (≈100) samples.

RESULTS AND DISCUSSION

A. Internal Environment Analysis

VRIO Analysis

The VRIO framework is a strategic management framework introduced by Jay B. Barney in 1991. It determines if a resource or capacity has four important characteristics: value (addition to competitive advantage), rarity (uncommon or unique), imitability (difficult to reproduce), and effective organization (ability to exploit). Resources or capabilities that match all four requirements are regarded potential sources of long-term competitive advantage.

Table 1. Eastland Coffee's VRIO Analysis

Resources	V	R	I	O	Classification
Labor	Yes	No	No	No	Competitive Parity
Plant	Yes	No	No	No	Competitive Parity
Equipment	Yes	No	No	No	Competitive Parity
Financial Resource	Yes	No	No	No	Competitive Parity
Inventory	Yes	No	No	No	Competitive Parity
Ingredients	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
Product Quality	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
Brand Reputation	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage
Recipes	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage



Eastland Coffee's resources are all regarded as valuable to the business. Eastland Coffee may get a competitive edge by leveraging these unique resources. Eastland Coffee's labor, plant, equipment, financial resources, inventory, materials, product quality, brand reputation, and recipes all contribute to the production of a high-quality product, improving its competitive parity edge. However, not all resources fulfilled all four of VRIO's characteristics. Eastland Coffee's resources that are believed to be a sustainable competitive advantage include ingredients, product quality, brand reputation, and recipes. All of these resources fulfilled every VRIO criteria which are valuable, rare, and cannot be reproduced by competitors. Eastland Coffee's organizational capacity to capture value, in addition to other factors, contribute to the business' success.

STP Analysis

STP analysis is one of the techniques for developing a customer-centric marketing strategy. This paradigm helps companies make educated decisions about how to effectively approach their target market. It enables companies to find the most promising segmentation, customize their tactics, differentiate from competitions, and ultimately achieve their marketing and commercial goals in an efficient and effective manner (Kotler & Armstrong, 2017). Currently, the target market for Eastland Coffee are as follows.

Table 2. Eastland Coffee's Current Target Market

Characteristics	Target Market
Geographic	Banjarmasin
Gender	Male and Female
Age	15 – 65 years old
Occupation	Students and employees
Social Class	Middle class
Personality	Active and social
Lifestyle	Busy lifestyle, coffee and food enthusiasts
Benefit Sought	High quality but affordable food and drinks, and a place to spend time

As for how Eastland Coffee position itself in the market, Eastland Coffee is now positioned as "a place to spend time and have coffee at an affordable price". This positioning statement suggests that Eastland Coffee provides a space for individuals to work or interact while enjoying high-quality food and beverages at a reasonable price.

Marketing Mix (7Ps) Analysis

Marketing mix for consist of 4 elements that include: product, price, place, and promotion (Kotler & Armstrong, 2017). However, for businesses that offer services have 3 additional elements which are people, process, and physical evidence (Lovelock, 2015). For the product element, Eastland Coffee offer food and beverages products in several category including coffee drinks, non-coffee drinks, snack foods, and heavy meals. The price for the coffee drink category ranges from Rp18,000 to Rp30,000. For the non-coffee drinks, Eastland Coffee sets the price at Rp20,000 to Rp30,000. For the foods, the prices range from Ro30,000 to Rp45,000. In terms of its place element, Eastland Coffee is strategically located in the main road of Dharma Praja area in East Banjarmasin. Eastland Coffee uses Instagram as its main media of promotion. In addition to that, it also held offline promotion in the form of promotional music event held in the coffee shop. The business has a total of 7 frontliners that includes the barista, waiter, and cashier. The process of ordering in the Eastland Coffee is combination of restaurant and coffee shop. The customers order and pay in the cashier and their order are brought to the table instead of picking it up at the bar.

B. External Environment Analysis

PESTEL Analysis

PESTEL Analysis is a methodology for businesses to systematically assess and respond to external variables that may have an impact on their business environment. PESTEL consists of Political, Economic, Social, Technological, Environmental, and Legal factors.



Political factors refer to the effects of government policies, laws, and stability on an organization (Whittington and Scholes, 2017). The economic factors are those that influences consumers' purchasing decisions and spending habits. Social or cultural factors are institutions and other elements that can alter societal values, attitudes, and preferences. Technical factors consider the effects of technical breakthroughs and innovation on industries and marketplaces. Environmental factors are natural resources that marketers require as inputs or that are impacted by marketing operations. Finally, Legal considerations refer to the influence of laws, rules, and legal systems on company operations (Kotler & Armstrong, 2017).

From the political factors, In the purchase of goods and/or services for the Central Government and Regional Governments, the Central Government and Regional Governments must allocate at least 40% of products/services from domestic production to small enterprises and cooperatives. This shows an opportunity for Eastland Coffee as an SME. For the economical factors, Banjarmasin's Gross Regional Domestic Product has shown a favorable trend during the previous thirteen years. This demonstrates that the residents of Banjarmasin are financially prosperous and have a high purchasing power. For the social factors, Banjarmasin's population is predominantly of working age. Furthermore, the employment-to-population ratio (EPR) in Banjarmasin is increasing year after year. This demographic bonus in Banjarmasin indicates that economic growth will accelerate, creating a chance for Eastland Coffee to succeed.

For the technological factors, the simplicity of ordering is very important, particularly in the food and beverage industry. One example is the use of cashless payment methods. Using credit cards, debit cards, and other third-party financial technology companies makes it easier for clients to pay and encourages them to spend more money. For the environmental factors, the number of plastic wastes in Banjarmasin may hinder Eastland Coffee since the business use single-use plastic for its takeaway packaging. Lastly for the legal factors, the lack of BPOM and Halal certification for Eastland Coffee shows a weakness for the business.

Porter's Five Forces

Porter's Five Force is a strategic framework for evaluating the competitive dynamics in an industry or market (Porter, 1979). It comprises of five major forces: Rivalry among competitors, threat of new entrants, buyer bargaining power, supplier bargaining power, and substitute threat.

- **Bargaining power of buyers (Moderate):** Customers in Banjarmasin may choose and switch from different coffee shops.
- **Bargaining power of suppliers (Moderate to high):** Coffee establishments such as Eastland Coffee rely on suppliers for coffee beans, equipment, and other necessities. Meanwhile, the number of coffee suppliers in Banjarmasin is limited.
- **Threat of new entrants (Moderate):** The barrier to entry into the coffee shop industry in Banjarmasin is relatively low. However, the increasing popularity of coffee consumption may draw new participants.
- **Threat of substitute products (Low to moderate):** There are replacements, such as tea or other drinks, but the distinctive café experience and social component of coffee consumption may lessen the risk.
- **Rivalry among existing competitors (High):** The coffee shop industry in Banjarmasin is expected to be highly competitive due to the mild threat of new entrants and a devoted client base from worldwide brands and local businesses.

Competitor Analysis

Competitor analysis is the process of identifying important rivals, analyzing their objectives, tactics, strengths and weaknesses, and reaction patterns, and selecting which competitors to battle or avoid (Kotler & Armstrong, 2017). There are three Eastland Coffee's main competitors that include, Starbucks, Excelso, and A Thousand Feet for Coffee.

Table 3. Competitor Analysis

Marketing Mix	Starbucks	Excelso	A Thousand Feet
Product	Coffee, Tea, Blended Drinks, Baked Goods	Coffee, Tea, Blended Drinks, Full Meal	Coffee, Tea, Mocktails, Baked Goods, Full Meal
Price	Rp22,000 – Rp68,000	Rp34,000 – Rp92,000	Rp13,000 – Rp75,000
Place	Jl. Ahmad Yani Km 2, Banjarmasin Tengah	Jl. Ahmad Yani Km 5.5 No. 5, Banjarmasin Selatan	Jl. Ahmad Yani Km 3.5, Kebun Bunga, Banjarmasin Timur



Promotion	Website, Instagram, Twitter, TikTok, and Line	Website, Instagram, Offline Events	Instagram, Offline Events
People	Four to five frontliners, fresh graduates with an undergraduate degree	Four to five frontliners, minimum high school degree and experience in food & beverages industry.	Three to four frontliners, minimum high school degree and baristas with expertise in coffee-making.
Process	Order and pay at the cashier, getting the order at the bar.	Order and pay at the table, and the order brought to the table.	Order and pay at the cashier, and the order brought to the table
Physical Evidence	Indoor and outdoor seating, home delivery, smoking area, and free Wi-Fi.	Indoor and outdoor seating, praying area, parking area, smoking area, and free Wi-Fi.	Indoor and outdoor seating, praying area, parking area, smoking area, and free Wi-Fi.

C. New Segmentation, Target, and Positioning

The new STP is based on the previously performed survey. SPSS software was used to separate the data based on cluster analysis. The selected cluster will then be suggested as the target market, along with a new positioning for Eastland Coffee. The survey yielded 185 responses, which were divided into three clusters.

Table 4. New Segmentation for Eastland Coffee

Factors	Cluster 1 The Casual Caffeinator	Cluster 2 The Coffee Shop Aficionado	Cluster 3 The Budget-Conscious Youngsters
Gender	Dominated with females	Dominated with females	Dominated with females
Age	People aged 15 – 34 years old	People aged 15 – 34 years old	People aged 15 – 24 years old
Domicile	East and South Banjarmasin	East and South Banjarmasin	South and West Banjarmasin
Occupation	Students and private/state-owned employees	Students and private/state-owned employees	Students
Level of Last Education	D4/S1	D4/S1	SD/SMP/SMA
Monthly Expenses	Highest monthly expenses	Moderate monthly expenses	Lowest monthly expenses
Behavior	Occasionally purchasing coffee, and moderate amount of visit to coffee shop. Mostly visits to socialize.	The most frequent coffee purchase and coffee shop visit. Mostly visits to socialize.	Rarely purchasing coffee and visiting coffee shop. Mostly visits only to spend time.
Product	Likes kopi susu, snacks, and Indonesian food.	Likes kopi susu, snacks, and Indonesian food.	Likes latte, snacks, and Indonesian food.
Price	Willing to spend up to Rp25,000 for coffee, non-coffee, snacks, and heavy meals.	Willing to spend up to Rp35,000 for coffee, non-coffee, snacks, and heavy meals.	Willing to spend less than Rp15,000 for coffee, non-coffee, snacks, and heavy meals.
Place	Near home and accessible by motorcycle	Near home and main road, and accessible by motorcycle and car	Near schools and accessible by motorcycle and public transportation



Promotion	Highly influenced by word of mouth and Instagram. Prefers B1G1 discount.	Highly influenced by word of mouth, Instagram, Twitter, and TikTok. Prefers B1G1, specific time, and specific card discount	Highly influenced by word of mouth, Instagram, and TikTok. Prefers B1G1 and specific time discount.
People	Concerned about politeness of waiter, cashier, and barista.	Concerned about friendliness of waiter and cashier, and the product knowledge of the barista.	Concerned about politeness of waiter and cashier, and the product knowledge of the barista.
Process	Prefers ordering at the cashier and brought the food to the table. QR Code as the preferred method of payment.	Prefers ordering at the cashier and brought the food to the table. QR Code, E-wallet, and debit card as the preferred method of payment.	Prefers ordering at the cashier and brought the food to the table. QR Code, E-wallet, and cash as the preferred method of payment.
Physical Evidence	Comfortable seat, WiFi speed, indoor seating, prayer room and parking space	Comfortable seat, WiFi speed, indoor seating, prayer room and parking space	Comfortable seat, WiFi speed, indoor seating, prayer room and parking space

After creating the segmentation from the cluster analysis, the author will select the clusters (segments) that are profitable and worthwhile to target. The author chose Clusters 1 and 2. Both clusters have very comparable qualities and are most likely the clusters that should be targeted to improve Eastland Coffee sales. Below is the new proposed target market for Eastland Coffee.

Table 5. New Targeting for Eastland Coffee

Factors	Targeting
Gender	Dominated with females
Age	People aged 15 – 34 years old
Domicile	East and South Banjarmasin
Occupation	Students and private/state-owned employees
Level of Last Education	D4/S1
Monthly Expenses	Moderate to high monthly expenses
Behavior	Occasional to frequent coffee consumer and coffee shop visitor. Mostly visiting coffee shop to socialize
Product	Likes kopi susu, snacks, and Indonesian food.
Price	Willing to spend from Rp25,000 up to Rp35,000 for coffee, non-coffee, snacks, and heavy meals.
Place	Prefer coffee shops near home and main road, and accessible by motorcycle and car
Promotion	Highly influenced by word of mouth, Instagram, Twitter, and TikTok. Prefers B1G1, specific time, and specific card discount
People	Concerned about politeness of waiter, cashier, and barista as well as the product knowledge of the barista.
Process	Prefers ordering at the cashier and brought the food to the table. QR Code, E-wallet, and debit card as the preferred method of payment.
Physical Evidence	Comfortable seat, WiFi speed, indoor seating, prayer room and parking space



Following the previously determined target market, the author creates a new positioning. The following is the new positioning statement for Eastland Coffee.

“For students and young professionals who enjoy socializing over coffee, Eastland Coffee is the coffee shop that offers a cozy and convenient environment in East Banjarmasin. We offer good quality food and beverages ranging coffee to non-coffee drinks and snacks to heavy meals with affordable prices, ensuring a delightful coffee shop experience.”

D. New Marketing Mix

The author suggested a new marketing mix for Eastland Coffee. In terms of product, the author recommended that Eastland Coffee develop a signature coffee product, particularly in the form of *kopi susu gula aren*. Because customers favored local cuisines, the author suggested that Eastland Coffee develop new native Banjarmasin dishes such as Soto Banjar and Indonesian-fusion western dishes such as spaghetti sambal matah. In terms of promotion, the author offered a variety of advertising and PR strategies, including social media influencer endorsements and Instagram advertisements. The author also advocated personal selling, such as a coffee sampling event, as well as sales promotions, such as Buy 1 Get 1 Free, Happy Hour, Cardholder discounts, and influencer referral codes.

There are no substantial issues with the people, process, and physical evidence components of the marketing mix that need to be addressed. However, the author suggested several action plans. For the people element, the author suggests that Eastland Coffee develop a Standardized Operating Procedure to increase frontline service quality. In terms of procedure, the author proposes adding an additional EDC machine to increase payment method variety. Finally, for physical evidence, the author advised that Eastland Coffee hire or assign maintenance people to repair and maintain the coffee shop's facilities.

CONCLUSIONS

Eastland Coffee, located in East Banjarmasin, operates as a coffee shop and restaurant where customers can enjoy a variety of coffee drinks, non-coffee drinks, snacks, and heavy meals on-site. Despite its unique concept, the business has faced declining sales in its first year and low brand awareness compared to established competitors. An internal analysis revealed that Eastland Coffee's strategic location, affordable pricing, and comfortable facilities are strengths. However, inconsistencies in food and beverage quality and variability in customer traffic during off-peak hours are significant weaknesses. External opportunities include government support for SMEs and increasing purchasing power in Banjarmasin, while threats stem from intense competition and low entry barriers in the coffee shop industry.

To address these issues, Eastland Coffee's new marketing strategy targets primarily females aged 15-34 years in East and South Banjarmasin, who are students or employees with moderate to high expenses and a willingness to spend on coffee shop products. Proposed changes include introducing a signature coffee product and local Banjarmasin foods, leveraging social media influencers for promotion, and offering various sales promotions. Improvements in service quality, payment methods, and facility maintenance are also recommended to enhance the overall customer experience.

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